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The Pendulum Swings Back

A VITAL advantage of the democratic process is its capacity for automatic adjustment. The free play of the will of the majority, or even of a well-organized and aggressive minority, may and at times does lead to extreme swings of the pendulum of popular opinion and action, but in due course the pendulum swings back, extremes are modified, and usually reasonable balance is achieved. This abstraction is being currently illustrated in the changing public attitude toward the status of enterprise management and of labor, and toward the question of what part government should play in regulating and policing the employment relationship.

Public policy has in turn followed pro-management and pro-labor extremes. During the period of rapid development and expansion of American industry, government gave comparatively little attention to the status of labor, while it did much, through the adoption of broad national policies, to foster and strengthen the ability of industry to function profitably. For one thing, the very principle of free enterprise implied that outside interference with the operation of private business should be held to a minimum in order not to disturb the natural interplay and self-adjustment of economic forces. The function of government was regarded as one of an umpire who should avoid rocking the boat and should intervene in private business only in case of extreme necessity.

Then again, there was no homogeneous and static labor class. The laborer of today frequently became the employer of tomorrow. This constantly recurring graduation of labor into ownership and management gave to labor the complexion more of an evolutionary stage

than a permanent status. Moreover, the need for growth and development of the country's resources led opinion to favor those who were pioneering in industrial expansion and to frown on proposals for impeding their efforts to build American industrial supremacy.

And, finally, the political party most frequently in power primarily represented business enterprise, and its labor policy was based on the expedient and somewhat paternalistic doctrine that whatever facilitated the growth and expansion of business and industry must necessarily also work to the advantage of labor. While this assumption was basically sound, not much effort was made to discover whether the degree of benefit to the respective groups was relatively equal.

During the latter part of this period of management dominance, labor was becoming a steadily larger, more closely knit, and more articulate part of the population, although that part of labor that became affiliated with organized unions was still a relatively small part of the total. There are various reasons to account for this slow growth of unionism in the United States, but the proper weight to be given to each is much in dispute. One reason is the fact already mentioned, that there was no established laboring class in this country that recognized the need for united action to secure protection. Also many workers refused to accept a status that implied inability to progress above it. A third factor was the close and democratic relationship that existed between proprietor and worker when industry was predominantly small-scale.

Another effective influence was the anti-union activity of employers. This opposition ran the entire gamut from mild expressions of the futility and undesirability

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of union affiliation to the requirement as a condition of employment of a signed agreement not to join a union, the employment of undercover men to ferret out for dismissal those that showed any sympathy for union activity, and the effective quelling of any attempt of employees to give effect to their demands for better working conditions by united resistance in the form of strikes.

The position of labor, however, was improving as the public showed a greater concern about the interests of the working man, and as employers became both more considerate of their employees and more conscious of the greater efficiency that came from a satisfied working force. But progress was somewhat slow, as progress always is when it must result from the gradual change of attitude of large numbers of individuals and the translation of this change in attitude into concrete policy and action.

This gradual evolution in attitude and policy was disturbed with explosive suddenness in 1933 by the installation in power of a new national administration that was as responsive to the demands of organized labor, if not more so, than other administrations had been to the interests of organized management. From a weak and largely ineffective force nearly bled white by the effects of the long depression, organized labor suddenly blossomed forth as a dynamic movement given every aid and encouragement that it was possible for various government agencies to give to organizing the millions of American workers. The successive steps by which this campaign was intensified and the various devices resorted to by one or the other labor federation to insure success in organizational work, together with the valuable collaboration of government agencies, are too well known to require repetition. What is needed much more than a recital of these events is sufficient detachment to recognize that all this was quite natural, just as the correctives that are gradually making their appearance are equally natural.

TO ONE EXTREME

Organized labor, which long had battled for existence and for growth against difficult odds, suddenly found itself riding the crest. A sympathetic government effectively shackled any management interference with the organization of labor, and this policy found considerable public approval. But as has happened in countless instances in the past, liberation from restraint led not to the achievement of an equitable balance, but rather to an exaggerated swing to the opposite extreme. Not only did labor organizers give scant thought to the inconvenience and loss to which their methods subjected industry and workers, but they rode roughshod over the needs and welfare of the public, and over the objections of that part of labor which displayed reluc-

tance or active opposition to being organized. This was perfectly natural and almost inevitable. Scores of parallels can be drawn from history. But it was not wise, nor was it far-sighted.

All of the restraints binding management were demanded in the name of labor; all the excesses in organizational activity were justified on the ground that they were necessary to emancipate labor from management tyranny. But gradually the public began to wonder whether it was really labor in the abstract or the officialdom of organized labor that was truly being benefited by the methods designed to secure union recruits by the wholesale; whether management opposition that was constantly cited in justification of these methods was not for the most part a straw man erected to serve as a target and as an excuse for strong-arm methods. These initial questionings became more insistent as instances of arbitrary action by unions and organizers multiplied, and were quickened into grave concern about organized labor's ultimate objectives when a section of it actively entered the political field for the avowed purpose of electing candidates committed in advance to furthering all its projects.

Flushed with success, certain labor leaders became more arrogant and more impatient of any restraint on whatever line of action they chose to follow. The public became increasingly skeptical about the purity of organized labor's motives, particularly when criticism of each other by the two large labor federations became so caustic as to make any criticism from outside the ranks of labor seem mild in comparison. Wearied at last of constant interruptions of business operation, of the paralysis of whole industries which were so unfortunate as to be the battlegrounds of rival unions, of self-seeking at no matter what cost to the public, of charge and counter-charge for which there no longer seemed justification, of apparent favoritism on the part of government agencies, public opinion gave evidence of definitely shifting. Slowly at first, but apparently with increasing momentum, the pendulum began to swing back. A more discriminating public began to register its demand for a return to sanity in labor affairs.

THE PUBLIC REGISTERS DISAPPROVAL

The general public has, of course, no regular and frequent means of registering its attitude on questions of public policy, although various methods of taking the public's temperature on important questions are much in vogue at present. The public becomes most articulate at general elections, but even then so many cross currents are likely to affect results that the people's will cannot always be stated with finality. It has to be gauged, for the most part, by incidents of one kind or another, which, taken singly, may seem to be without general significance; but when such instances multiply

and appear in widely separated sections of the country, they lead the observant to suspect that public opinion is crystallizing and will express itself forcibly when next given an opportunity.

It is by such revealing indications that public attitude toward labor questions must be judged. When, early in 1937, bills intended primarily to curb sit-down strikes were introduced in the legislatures of Vermont, New Hampshire and Connecticut, such action might be attributed to the traditional conservatism of New England. When, however, such bills appeared in states as distant as Alabama and Texas, popular opposition to extremes in organizing policy appeared to be becoming widespread. Moreover, law enforcement agencies, which in many instances had appeared reluctant to enforce existing laws and regulations when violated by organized labor, became more active in preserving law and order. Impatience with excessive picketing was reflected in the adoption of city ordinances that laid down specific regulations that must be observed when a place of business was picketed. For example, a city ordinance adopted by the voters of Los Angeles at a special election on September 16, 1938, is described in its preamble as follows:

An ordinance adopted pursuant to the initiative provisions of the charter of the City of Los Angeles, in the interests of the public health, peace and safety, to regulate picketing and the display of banners; to define the conditions under which picketing and the display of banners in connection therewith may be carried on; to prohibit coercion, threats, intimidation, obstruction of public places and entrances, making of loud and unusual noises or cries, use of derogatory language, or use of misleading statements, for the purpose of inducing others to refrain from carrying on business with or performing services or labor at a place of business; and to provide penalties for violations of the provisions hereof.

After the active labor warfare in the Middle West early in 1937 subsided, the theater of action shifted to the Pacific states. The maritime unions had brought about a general strike in San Francisco as early as 1934 and new troubles were constantly breaking out, not only on the waterfront but, through the influence of these unions, in the interior as well. Late in 1937, a jurisdictional war between A.F.L. and C.I.O. paralyzed a part of the lumber industry in the Pacific Northwest. Other difficulties were interfering with the operations of the agricultural industries.

From this background came a well organized movement in the Pacific states to curb the unions. On the ballots in California, Oregon and Washington in 1938 the voters were asked to approve or reject initiative legislation that would place drastic restraints on the

freedom of action of unions in carrying out their activities. A.F.L. and C.I.O. unions united sufficiently to throw their full strength into an effort to defeat these proposals. They were joined in this objective by other groups which, while believing that union activity should be reasonably controlled, felt that the initiative measures were too restrictive. In Oregon the proposal was approved by about a three-to-two vote. In Washington it failed of passage by about 5 per cent of the total vote cast, and in California there were about four votes in favor to five votes against the proposal. While only one of the three initiative proposals was adopted, this one success, coupled with the large vote cast in favor of the other two, left no doubt but that the Pacific coast states had become strongly critical of labor union policy.

The type of restraint placed on union activities by the voters of Oregon is significant. The main provisions of the act forbid any "obstruction" of the normal functioning of business and agriculture, any picketing or boycotting except where a *bona fide* labor dispute exists, and any interference with a person seeking to work. It also forbids accumulation by a union of funds in excess of its "legitimate" requirements and requires that a union's books be open to inspection by any of its members.

In other parts of the country, the attitudes of political candidates toward the matter of dealing with labor disturbances became campaign issues. National attention was focused in particular on Michigan, where early in 1937 labor warfare in the automobile industry had made headlines for weeks and where sporadic outbursts had occurred since then. Here the defeat of the existing state administration was generally regarded as repudiation by the voters of Michigan of the policy of temporizing with law violation. It provided a statewide confirmation of the earlier action of Detroit voters in defeating the mayoralty candidate of the United Automobile Workers Union of America. Special interest, therefore, attaches to the bill to regulate labor relations proposed by the new state administration in Michigan.

Among other provisions, this bill forbids interference, influence or coercion "by any person" in the designation of representatives for collective bargaining; it sets up a definite procedure of negotiation that must precede the calling of a lawful strike; it outlaws the sit-down strike; it restricts peaceful picketing to residents of the state and employees of the plant involved, if the plant employs ten or more persons; it forbids violence, intimidation or obstruction of entrance or egress in connection with picketing; it bans employer interference with employee decisions with regard to joining a labor organization, or discrimination against employees because of such membership; it forbids any person to force or attempt to force anyone to become a member of a

labor organization; it specifically protects the rights of employees to form an independent union.

LATENT DANGERS

It requires no great stretch of imagination to realize that any such proposals as these would have received short shrift in 1934 or 1935. The fact that today they are not only seriously considered, but in some cases have already been enacted, is evidence of how the public temper has changed. But in the very positiveness of this swing is a latent danger—the same danger that has led to unwise extremes in the past.

Organized labor has made the most of its new-found freedom. In some cases it has unquestionably resorted to illegal practices and has adopted techniques that were effective, but their effectiveness has been accomplished in a manner that has been found highly objectionable, not only by a part of labor itself, and by employers, but by a considerable part of the general public. Satisfactory and business-like collective bargaining cannot thrive in such an atmosphere. Correcting this situ-

ation by well-considered legislation in which vindictiveness has no part should be to the interest of all parties, including labor. The question is whether this correction will be effected without again permitting the pendulum to swing too far in the reverse direction.

When a tide is flowing strongly there is always a temptation to take advantage of its full sweep. A strong swing of public opinion is regarded as a vindication of the policy that it seems to support, and an invitation to extract every possible advantage that, with the prevailing public psychology, it seems possible to obtain. To yield to this temptation, however, is only to repeat mistakes of the past and store up further trouble for the future when another extreme situation will again, sooner or later, call for a different kind of adjustment and moderation. To exercise restraint and correct abuses without imposing unnecessary and irritating restrictions would seem the part of greater wisdom.

HAROLD F. BROWNE
Management Research Division

Chronology of Events Affecting Labor Relations March, 1939

March

- 1 *Wage-Hour Suit*—The first criminal prosecution for violation of the Wage-Hour Act ends when defendants plead guilty and are fined \$1,500. Case involved shoe company at Lawrence, Massachusetts, charged with paying less than 25 cents per hour, falsification of records, and failure to keep required records.

Sit-Downers Fired—Following a sit-down strike, about 200 workers involved in the strike are discharged by a Newark, New Jersey, company.

Owners Exempt from Picketing—Decision of Supreme Court, in Brooklyn, New York, holds that a labor union may not picket or interfere with the conduct of the business in which only the owners or members of their families are employed.

- 2 *Andrews Suggests Amendment*—Administrator of Wage-Hour Act is reported as favoring amendment of the Act to deal with problem of overtime for high salaried workers. This would relieve administration of attempting to solve this problem by administrative rulings.

Sit-Downs Condemned—American Institute of Public Opinion reports that 75% of those polled favored making sit-down strikes illegal. A year ago the vote was only 67%.

Unemployment Estimate—National unemployment increased 7.4% from December to January, as

seasonal declines in employment appeared in retail trade, manufacturing and construction, according to the Statistical Division of THE CONFERENCE BOARD. The estimate of those unemployed was about 10,645,000 at the end of January. Employment, however, declined only 1.5% in January as compared with December, 1938, bringing the number of the nation's workers to about 43,667,000 in January, 1939.

- 3 *Job Insurance Benefits*—Social Security Board states that \$29,200,000 was paid out in benefits to the unemployed during January, 1939, under state unemployment compensation laws.
- 4 *Auto Faction Meets*—The convention of that part of the United Automobile Workers Union headed by Homer Martin opens in Detroit.
- 5 *Employer Fired*—Employer who turned over his foundry to employees in return for lifetime job at \$200 a month encounters effort of employees to oust him because of irregular attendance.
- 7 *Working Wives*—Reversing a lower court decision, Massachusetts Supreme Court Justice upholds action of Mayor of Somerville in ousting six women city employees because they were married.

This ruling came at a time when various organizations have been seeking a state statute to bar "working wives" from public jobs.

The Sales Dollar—Johns-Manville Corporation reports that its 1938 sales dollar was distributed as follows: Two cents to stockholders, 32 cents to job holders, one cent to the reserve, and 65 cents for materials, transportation, taxes and other expenses.

Peace Negotiations Begun—Negotiating committees of A.F.L. and C.I.O. meet with the President to commence their task of finding a basis on which the two labor federations can settle their differences peacefully.

8 *To Pass or Not to Pass Pickets*—Strikes in prominent Washington, D. C., hotels pose difficult problems for Cabinet members and Congressmen, since to enter hotels in which some of them live they must pass through picket lines.

9 *Benefits to Employees*—General Electric Company announces that, in 1938, \$4,432,000 was paid to employees under cost-of-living adjustment of wage scales, profit-sharing and other extra payments.

Two More Wage-Hour Boards—Wage-Hour Administrator announces appointment of industry committees covering hat and millinery groups. These are the fourth and fifth committees appointed.

10 *Hershey Election*—Employees of Hershey Chocolate Company, in election to determine collective bargaining agency, cast 1,125 votes for A.F.L. union, 733 for C.I.O. union, and 165 for neither.

11 *Cost of Organizing Labor*—In the court proceeding which denied Francis J. Gorman the right to tie up funds in bank accounts of the Textile Workers Organizing Committee, it is brought out that this committee has spent \$2,000,000 since it was started in 1937 to organize the textile industry.

12 *Martin Expelled*—C.I.O. faction of United Automobile Workers Union permanently expels Homer Martin as president.

13 *Pensioning Congressmen*—Proposal announced in Washington to pension Congressmen who have served 25 years.

14 *Closed Shop*—New York Supreme Court Justice holds that no closed shop agreement can be valid unless union represents a majority of employees.

Coal Parley Opens—Joint conference of coal operators of the Appalachian bituminous district and the United Mine Workers of America opens to negotiate an agreement covering about 400,000 miners to replace contract expiring March 31st.

Ford Case—Attorneys for Ford Motor Company request National Labor Relations Board to reopen its case against the company to permit introduction of new evidence.

Unemployment Overpayment—Testimony before committee investigating New York Unemployment Insurance discloses that between \$300,000 and \$400,000 had been returned by recipients of unemployment insurance benefits during the last year as having been erroneously paid out.

15 *Deportation Approved*—The House Immigration Committee approves a bill providing for deportation of aliens who advocate any changes in the American form of government.

Wage-Hour Amendment—Chairman Norton of House Labor Committee announces agreement with Administrator Andrews that certain amendments in Wage-Hour Act should be made at this session of Congress. Most important amendment proposed is to exclude from the rigid 44-hour week provisions white collar workers receiving \$2,000 or more.

16 *Small Business Petitions Labor Law Change*—Senator Burke of Nebraska introduces in Senate petitions containing signatures of 50,000 small business men advocating revision of the National Labor Relations Act. They represent signers in 43 states.

Refusal to Pay Dues Closes Plant—The refusal of one member of the T.W.O.C. to pay his dues and the demand of the union that this worker be discharged or transferred results in the closing of a carpet plant employing 3,200 persons. Another cause of difficulty was the discharge of eight men for insubordination and violation of agreement that prohibits a strike until specified steps have been taken.

17 *Security Act Amendment Disapproved*—The House Ways and Means Committee votes unanimously not to extend social security provisions to include some six million farm and domestic workers and employees of religious, charitable and non-profit institutions.

New Industry Board Appointed—Wage-Hour Administration announces appointment of sixth industry board covering boot-and-shoe manufacturing industry.

20 *Weapons for Industrial Warfare*—The Senate Civil Liberties Committee sponsors a bill to forbid the sale of gas or firearms to industrial concerns for use in any kind of labor dispute. The Committee reported that, from 1933 to 1937, corporations

- purchased more gas equipment than all law enforcement agencies combined.
- 21 *Textile Minimum Wage*—Textile Committee of Wage and Hour Administration recommends a minimum wage of 32.5 cents an hour for the cotton textile industry, applying uniformly to both North and South.
 - 22 *Martin Charters Union*—An unusual departure from labor union technique occurs as Homer Martin's independent United Automobile Workers Union charters a new organization in another field. The newly chartered union will be known as the United W.P.A. and Unemployed Workers of America, and is in competition with the Workers' Alliance, the present organization of W.P.A. workers.
 - 23 *Difficulties of Dual Unionism*—Chrysler Corporation extends working agreement with United Automobile Workers of America for thirty days to permit factions to get together, as corporation does not care to discriminate between the factions.
 - Thirty-Hour Week*—Anthracite miners submit demand for 30-hour week, higher wages, and guaranteed pay for 200 days of work each year.
 - 24 *Bank Workers Covered*—General counsel of Wage-Hour Administration says, "It would seem advisable to consider all employees of banks subject to the Fair Labor Standards Act of 1938."
 - 26 *Wage Dividend*—Employees of Eastman Kodak Company will receive checks totaling \$2,144,334 in payment of 27th Annual Wage Dividend.
 - 28 *Hearings on Wagner Act*—Senate Labor Committee votes to open hearings April 11th on question of amending Labor Relations Act.
 - 29 *Wage-Hour Act Amendment*—Senator Thomas announces that he will introduce amendments to the Wage-Hour Act to remove from the application of the Act farm industries and small telephone exchanges, improve enforcement procedure and protect the innocent purchaser of goods made in violation of the Act.

Questions and Answers

An important function of the Management Research Division is to focus the information gathered in its many studies on particular problems confronting associated companies. The Division's services are constantly at the disposal of executives in these companies. Inquiries are, of course, answered promptly by mail, but some questions and answers believed to be of general interest are reproduced from time to time in this section of the MANAGEMENT RECORD.

Question: We recognize a need to help our employees to think clearly on current economic questions and to understand the company attitude with regard to these questions. We believe we are sincere in saying that we do not wish to adopt a program of spreading one-sided propaganda. Would you describe to us the techniques other companies are using, and, if possible, indicate the success of their work?

Answer: Some of the techniques are these:

- (a) Foreman training programs in which the information is given in the hope that it will reach the employee.
- (b) Loud speaker, noon-day programs which include news commentators, music, talks by department heads.
- (c) Informational meetings held regularly by top executives and superintendents with both salaried and hourly-rated employees. These groups of twenty or thirty serve as a clearing-house for all sorts of questions.
- (d) Lunch-hour movies in which company films and industrial films are shown with feature pictures, short comedies and newsreels.
- (e) Printed material distributed to the workers in the form of a house organ or a special pamphlet.
- (f) Open house in the plant, which offers the company innumerable opportunities to tell its story to employees and their families.

The experience of several companies in this field would seem to indicate that the following points should be taken into consideration when a program is being planned:

- (a) Personal explanation or discussion carries much more weight than any printed material.

- (b) Accepted channels of information are regarded with less suspicion than newly created mediums. If the foreman has been explaining safety programs for five years, his explanation of company policy will probably have a wider acceptance than would the same material on a new bulletin board or in a specially created pamphlet.

- (c) Visual experience in the form of pictures or plant visits will find a keener interest and leave a deeper impression than any written text. The wide distribution of picture magazines and the high attendance at open houses is a clear indication of how people choose to receive their new ideas.

- (d) Education that is at the same time entertaining will carry the ideas where a factual presentation fails. We like our education "sugar-coated," and we understand anything better when we like the medium through which it is presented.

Question: What are companies doing to keep apprentice training from being constantly interrupted by lay-offs on a seniority basis?

Answer: The answer in the case of many companies must be "Nothing," and the result of such a policy has been to destroy completely a number of skilled training programs. The apprentices saw their promised period of four years stretching away into six or seven and became discouraged. Instructors realized the hopelessness of trying to teach a boy in two days habits that he would forget in the other five days away from the plant.

A few companies have a protective clause for their trainees in the union contract which exempts all appren-

tices from the seniority ruling. One plant has tried a different method and has gone to the extreme of stating in the contract that all apprentices in any department will be taken off productive work before any skilled employees are laid off, but that it can keep all trainees on the payroll doing non-productive work.

Companies that are most concerned with the question are those which recognize a lapse in apprentice training today as a real threat to tomorrow's production schedule. It takes at least four years of uninterrupted schooling to produce a broadly skilled workman in some industries. Programs that are to answer the production needs of 1943 must be protected today.

Apprentice training is the oldest and most widely accepted form of industrial education. The danger to American industry is not the lack of a method for producing competent skilled men, but rather the failure to use a known technique sufficiently to prepare for future needs. One does not have to be a prophet to see the obvious danger signals which exist when a training program is dropped or a trainee's schedule is not protected from constant interruptions.

Question: Under our vacation plan last year, many employees who had worked short-time or had been temporarily laid off received allowances far out of proportion to the actual hours worked. Without placing further restriction on eligibility requirements, how can the vacation pay be calculated on an equitable basis?

Answer: A recent survey¹ of 210 current vacation plans shows a variety of practices in use to meet the situation. A few of the methods found are as follows:

1. Vacation pay based on annual earnings
 - (a) Vacation of one week, paid 2% of 12 months' earnings.
 - (b) Vacation of two weeks, paid 4% of 12 months' earnings.
 - (c) Vacation graduated according to years of service, paid on sliding scale basis of 0.8%, 1.6%, etc., to 40% of 12 months' earnings.

2. Vacation pay based on average weekly earnings.

The majority of the 31 companies which based vacation on average weekly earnings calculated the average over a period of 12 months.

3. Vacation pay based on actual time worked.

- (a) One hour's pay for each week worked during year, maximum 40 hours.
- (b) One-twelfth of full vacation pay granted for each month worked during year.
- (c) One day paid for each 200 hours (or 400 hours) worked during past year.

A number of companies prorate the vacation pay, the length of vacation or both only after a consecutive lay-off of 30 days or more. Where both short-time and lay-

¹Studies in Personnel Policies, No. 13, "Developments in Company Vacation Policy." (In Press).

offs have occurred in the plant, vacation pay based on annual earnings is perhaps the simplest method to use.

Question: We are planning a program designed to introduce college graduates into our company and would like to know if other companies are giving the men regular jobs in this preliminary training period or letting them observe others work?

Answer: The answer to this question must be that companies are trying all known techniques. College graduate training is in the experimental stage and so it is possible to find in practice every conceivable idea. The range of method is indicated by the following examples—a twelve-week orientation lecture course, combined with plant visits, a three-year study course combined with simple production jobs, a ten-months' observation course with night classes, a three-year course in a trade training school, a nine-months' period in a labor reserve group combined with written reports on each department, a year of planned transfer through ten or fifteen jobs. There are almost as many theories as there are companies.

Points that might well be kept in mind in planning the training of college graduates are the following, according to companies with experience:

(1) Remember the purpose of the program. That reminder sounds unnecessary but some plans designed to produce executives have graduated excellent master mechanics. Some turn out first-class research men, when the company wanted sales engineers. A single purpose must govern the details of the schedule.

(2) In planning a program there is a danger of classifying men as college graduates and using one training program for all regardless of their ultimate work. Salesmen, accountants, engineers, operating supervisors and others should have separate training programs which carefully balance the need for observation, explanation and experience in each department.

(3) The training purpose will be best served, the training time shortened, and the trainees and supervisors better satisfied if the time to be spent in each department and the work in each are clearly planned and defined in advance. Operating conditions may make such a plan difficult, but companies report that they have been able to approach the ideal much closer than they would have imagined possible before they began following a set schedule.

(4) Whatever induction procedure is adopted, the plan should be carefully explained to both the supervisory force and the employees with whom the trainees are to work. Companies say that many "sore spots" that exist today might have been avoided if everyone had understood in advance the purpose and the details of the program.

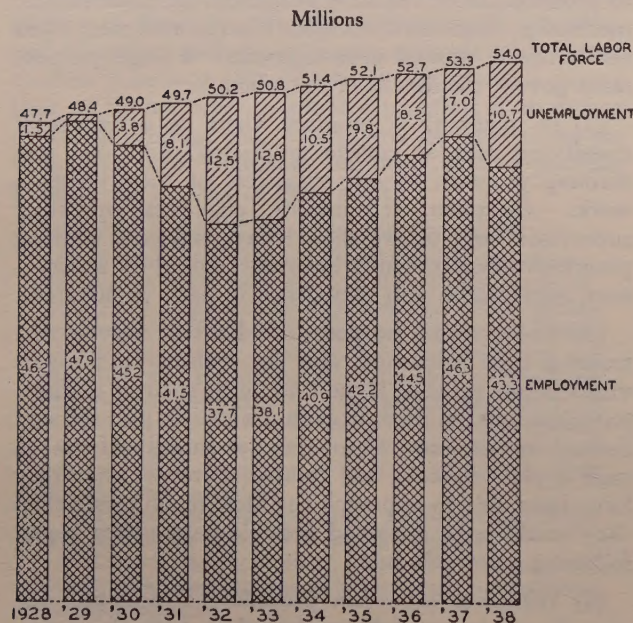
Graphic Facts

Unemployment and Population Growth

THE most important factor in the unemployment problem is the growth in the size of the labor force, as a result of the increase in population. Stated in simple terms, the greater part of our unemployment is due to our failure in the fields of production and distribution to keep up with the increase in population. If there had been no increase in population since 1929, unemployment at the peak of production reached in 1937 would have been reduced to less than what the statisticians call normal unemployment, estimated at about $4\frac{1}{2}\%$ of the total labor force.

It must always be taken into account that the mere maintenance of employment at a given level is not sufficient. Each succeeding year adds around 600,000 new workers to the total labor force. Unless the increase in production and in general business activity keeps pace with this growth in the number of potential workers, an increasing body of unemployment is inevitable.

CHART 1: EMPLOYMENT AND UNEMPLOYMENT,
YEARLY AVERAGES, 1928-1938



Because of this population factor, we have the anomaly that an increase in employment does not mean a corresponding decrease in unemployment. From 1933 to 1934 average employment increased 2,844,000, but unemployment declined only 2,250,000, a difference of

about 600,000, which also was approximately the increment of new workers for the year. From 1935 to 1936, employment increased 2,337,000, while unemployment declined 1,684,000. The difference was around 650,000. In 1937, employment increased 1,750,000, while unemployment declined 1,131,000. In 1938, employment declined 3,026,000, but the increase in unemployment reached 3,666,000, or 640,000 greater than the fall in employment, the difference again being about the same as the increase in the labor force that year.

Chart 2 shows what might be called the composition of unemployment at various periods. The cross-hatched portion of the chart represents the estimated normal unemployment. It includes the number out of work due to seasonality, illness, incapacity, incompetence and voluntary idleness. The estimate is based on a percentage of the total labor force, and the actual number increases with the size of the labor force.

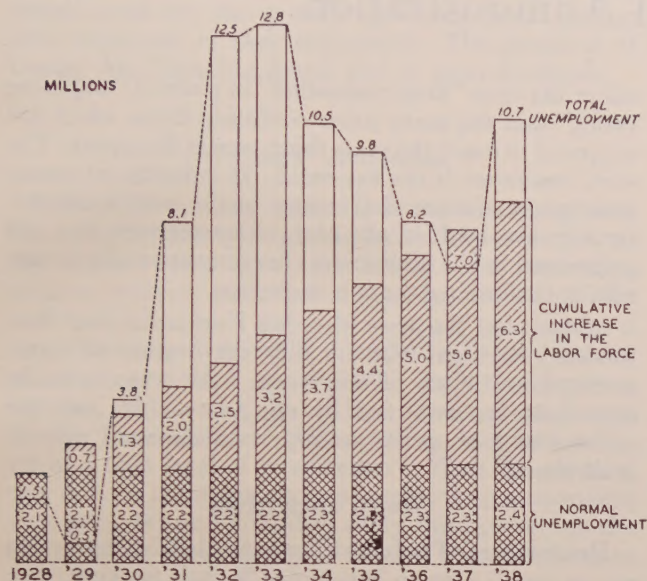
The light-hatched portion of the chart represents the cumulative increase in the labor force. From 1928 to 1938 this increase of new workers amounted to over 6,000,000. The figures in italics, connected by the dotted line, represent the total unemployment in each year.

In 1928, it was less than the estimated normal unemployment. In 1929, employment absorbed the increment of new workers that year, while unemployment dropped to about one-fourth of the estimated normal. In 1930, unemployment reached a level slightly above the combined total of normal unemployment and new workers. Unemployment increased until in 1933 the average reached a total of 12,770,000, or 10,540,000 above the estimated normal for that year. In the succeeding recovery, unemployment declined until in 1937 the average was 7,000,000, but even at this level the improvement in employment was not sufficient to cover more than a small proportion of the cumulative number of new workers. The average in 1938 reached 10,700,000, or 8,300,000 above the estimated normal figure for that year.

Note the extraordinarily important bearing of the increase of new workers on this problem. Without this increase unemployment in 1937 would have been below normal, while in 1938 the total above normal would have been 2,000,000, instead of 8,300,000.

The greatest source of recruitment for unemployment, beside which all other possible sources dwindle into insignificance, is the annual increment of new workers. We are still a growing nation, but our produc-

CHART 2: TOTAL UNEMPLOYMENT, NORMAL UNEMPLOYMENT, AND INCREASE IN THE LABOR FORCE, 1928-1938



tive activities are not keeping up with the increase of our population.

As to the prospects for the solution of the problem of unemployment, the case does not appear as desperate as some of the relief statisticians would have us believe. When the present Secretary of Commerce was the Administrator of the Works Progress Administration, he made a statement to the effect that there is no possibility in the near future of reducing the total below 5,000,000 or 6,000,000. The total unemployment in February, 1939, was 10,760,000, according to CONFERENCE BOARD calculations.

There is evidence in the data at our disposal which, while it offers no promise of an immediate reduction of unemployment to normal proportions, does show, however, that the obstacles to be overcome are not insurmountable, and that the belief in a permanent body of unemployment of any such proportions as the estimate just mentioned is not justified by the facts.

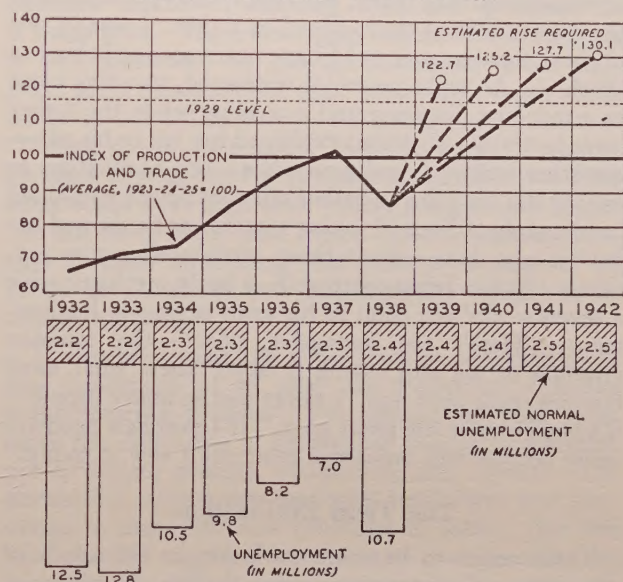
The lower part of Chart 3 shows the average unemployment by years from 1932 to 1938. The cross-hatched portion of the columns represents the estimated normal unemployment for each year.

The solid line in the upper part of the chart shows the index of production and trade compiled by the Federal Reserve Bank of New York for the years 1932 to 1938 inclusive. Here is an attempt to answer the question: How high must the index of production and trade go before we can expect all the labor force to be

employed except for the number included in the estimates of normal unemployment?

Chart 3 is based on our experience in the recovery from 1932 to 1937. In these five years, the index of production and trade rose from 66.2 to 101.7, or 35.5 points. In the same period, total employment increased from 37,700,000, the average in 1932, to 46,300,000, the average in 1937, or 8,600,000. We may say, therefore, that a rise of one point in the index of production and trade produced, on the average, an increase of 243,000 in the employment total.

CHART 3: ESTIMATED RISE IN THE INDEX OF PRODUCTION AND TRADE REQUIRED TO REDUCE UNEMPLOYMENT TO NORMAL PROPORTIONS



Average unemployment in 1938 was about 10¾ millions. Adding the increment of new workers in 1939 and subtracting the estimated normal unemployment for this year gives a total of 8,900,000, the net to be taken up if it were proposed to attain the objective this year. Applying the 1932-1937 rate of increase to this total gives an index of 122.7, which is less than 7 points above the 1929 level, indicated by the light dotted line extending across the chart. If two years are allotted for the task, the index number must be higher, because about 600,000 new workers are added each year to the total labor force. The calculated index number for 1942, which allows four years for the return to normal unemployment, is 130.1. This is about 14 points, or 12%, above the 1929 level, and only 30% above the average for 1923-1925.

R. R. LUTZ
Statistical Division

Notes on Personnel Administration

An "Open-House" Policy

A visitor from the outside was a witness of an "open-house" session in a large midwestern company. His observations of what took place reveal the possibilities of this type of public relations policy:

"The open-house set-up is very different from any I have seen. Invitations are given to each employee of a department for a certain day. The wife and family arrive and tour the plant, but they spend half an hour in the department of the husband or father. I was in two of these departments and I have never seen anything to touch it: An eight-year old, wide-eyed, standing close to a machine, listening and watching, while the father leaned over his work and explained his job to his son—a mother looking proudly on while a boy of nineteen or twenty did his job and rather self-consciously explained it—a couple of 23 or 24 joking together as he showed her how it was done—wives being introduced across machines—babies being compared—a burly mechanic with a seven-weeks' old child in his arms saying to his foreman: 'Here's the youngster, Mac!'—the foreman grinning at me and saying 'I never knew what swell families these guys had. I never met so many people—it's swell—these are great guys.' If I ever saw goodwill being poured into industrial relations I saw it today."

The Twin Evaluations

There seems to be some confusion in the minds of many men in industry concerning the use of job evaluation plans and the use of employee rating plans. So many different titles have been applied to employee rating that the confusion grows deeper and deeper. Following are a few of the titles that are used: Merit Rating, Employee Rating, Ability Rating, Performance Rating. The title "Job Evaluation," on the other hand, has become rather firmly fixed as the title which applies to all plans that attempt to evaluate jobs and processes. One characteristic of job evaluation is that it could be carried out in a plant just starting in business before a single employee had been hired. Employee rating, in contrast to this, requires a period of observation of from six months to one year. Thus, there are two things involved, in one case a job and in the other case a person.

It is important that job evaluation and employee rating should go hand in hand. This statement points the way to the fact that a great amount of confusion would be cleared up if job evaluation and employee rating were to become known as the "twin evaluations." In line with this thinking it would be a simple matter to

adopt the term "man evaluation" in place of "employee rating" and the many other confusing titles, which are supposed to mean the same thing, would disappear. The word *evaluation* is the key-word. It indicates an actual assignment of numerical values to the several characteristics involved: in one case, characteristics of a job or process; in the other case, characteristics of a person who is performing the job or process.

Adoption of the new titles, Job Evaluation and Man Evaluation, might also simplify the process of introducing the subject to employees. At present, many employees are mystified by the many titles and are inclined to give up the attempt to understand what it is all about.

Group Incentives

Detroit Steel Products Company decided ten years ago to install a group bonus plan in their packing room where a group of eight employees pack fittings for a diversified line of steel sash. The operations that were to be included under the plan were: receiving, storing, issuing to shop, and packing for shipment to customers. Two receiving department employees, two office clerks, one window attendant on shop requisitions, and three packers constituted the group. Orders were analyzed covering a period of more than a year, to determine the most popular type of sash sold, the average number of sash per order, and the quantity of fittings per order. From this analysis, together with time studies, a bonus unit was established in such a way that the work involved in packing one box of any type of fittings might be expressed as a fraction of the average order. The result of the operation of this group over the past ten years has been two-fold, a 10% cost reduction together with increased earnings of approximately 15%.

The Personal Touch

The president of United Air Lines encourages his employees to help him run the business. Any employee who calls on him at his office takes precedence over outside callers. He spends one-third of his time talking with his employees, watchmen and clerks receiving the same attention as pilots. He makes it a point to chat with every one of his 2,000 employees at least once a year. Each December, the president makes a visit to every division center and overhaul shop. As he reads the names of employees from the payroll sheet, the employee's superior is asked to answer questions such as: When did the employee last receive an increase in pay? If not, why not? Does he know why he has not

received one? Later, he checks to see whether lagging employees have made any improvement. Top executives of large industrial corporations often feel that they cannot spare the time to keep up such personal contact with employees in their companies. The president of United Air Lines has found that it pays dividends.

Workers' Attitudes •

Interest in workers' attitudes is not something new, but recently management has focused its attention on the subject more than ever before. An interesting study of workers' attitudes in regard to lay-off policies and work sharing is given in a report¹ relating to a manufacturing firm which found it necessary to lay off about one-third of its 7,000 employees between October, 1937 and July, 1938. Those affected were chiefly "semi-skilled or skilled native American workers of a high level of intelligence." With the cooperation of both the union and management, questionnaires were prepared and mailed to every third person on the list of union members, and included those working as well as those laid off.

Since attitudes are apt to be particularly important during a period of curtailment, some of the conclusions drawn from the replies are valuable to consider. The workers endorsed the company's flexible policy in lay-offs (a compliment, perhaps, to the management), but showed a tendency to weight seniority more heavily than need. Nearly all the workers thought some consideration should be given to need, and where a lay-off decision involved a choice between a single girl and a married woman with a husband working, the majority favored laying off the married woman, more or less regardless of seniority. Ability, workers thought, should be weighted less than either seniority or need, because foremen did not judge ability fairly. (Nearly one worker out of every four believed favoritism had been shown "often" in recent lay-offs.) At the same time, it was generally agreed that it was fair to retain a short-service worker of exceptional ability in preference to a somewhat longer-service worker with less ability.

Even among workers with 10 years' service, 90% favored sharing the work to some extent before making any lay-offs. Two-thirds of the workers did not want the union alone to control lay-offs.

As the report carefully points out, the study is based on a particular group of workers in a particular situation, and given other conditions opinions might be vastly different. However, it is noteworthy that although

¹ Workers' Attitudes on Work Sharing and Lay-off Policies in a Manufacturing Firm, by W. R. MacLaurin, Industrial Relations Section, M. I. T.—in *Monthly Labor Review*, January, 1939, pp. 47-60.

workers had little confidence in management's methods of judging ability, almost all workers accepted the fact that ability must be considered in a lay-off policy. If there is confidence that management is making every effort to be fair, preference is for a flexible, rather than a rigid lay-off formula, which permits each case to be judged on its own merits. Workers also approved of a policy which combined work sharing and lay-offs, rather than one relying exclusively on either.

Looking Backward and Ahead

The old axiom "There is nothing constant but change" can afford as much encouragement for the business executive wrestling with new problems as it holds grief. The encouraging aspect of this epigram is well illustrated by the announcement of an electrical parts manufacturer that "none of the items which made up our entire sales in 1928, 1929, and 1930 contributed to our 1938 sales. In other words, if we had stopped development and research in 1930, our 1938 sales would have been zero." Here is a good answer for the discouragement that looms before a management that foresees impending obsolescence of some of its products. It shows how one company refused to be caught napping.

It also brings out the importance of adaptability to new conditions of all who are concerned with the manufacturing process. The production man must solve the difficulties of continuous change in material, parts, design, process, equipment, and layout. The purchasing, advertising and sales staffs have new situations to meet and new problems to solve. And the rank-and-file employee may at any time be called on to apply his skill in a new manner or be under the necessity of qualifying for an entirely new type of work if he is to hold his place on the payroll. Vigilance and foresight in this changing world are still the price of success.

Twenty Years of Research

During the War Period, 1914-1918, the fact was realized in Great Britain that little was known of the physiological laws governing human efficiency. In 1915, the Health of Munitions Workers Committee was formed to study the effects of hours of work on efficiency. With the dissolution of this committee, the Industrial Fatigue Research Board was formed in 1918, to continue, under the auspices of the Medical Research Council, the work already started and "to study on systematic and scientific lines the reactions to industrial conditions of the human mind and body." As the special problems of health and fatigue due to long hours diminished, the Board undertook a wider

scope for its research, and in 1928, its name was changed to the Industrial Health Research Board.

In its 18th Annual Report, the Board outlines the results of its investigations during the past 20 years, and classifies the subject matter of its reports into the following groups:

- (a) Hours of Labor
- (b) Environmental Conditions
 - (1) Lighting and Vision
 - (2) Heating and Ventilation
 - (3) Noise
 - (4) Vibration
 - (5) Dust and Toxic Vapors
- (c) Methods of Work
 - (1) Physiology of Work
 - (2) Psychology of Work
- (d) Vocational Suitability
 - (1) Vocational Selection and Guidance
 - (2) Accident-proneness
- (e) Industrial Sickness
 - (1) Sickness Absence and Labor Wastage
 - (2) Psycho-neuroses in Industry
 - (3) Statistical Inquiries
 - (4) Specific Industrial Disease

The British Industrial Health Research Board deserves congratulation for its valuable contribution toward a better understanding of the complex "human factor" in industry. Industrial executives in this country will find in this report a body of valuable information. Information or copies of individual reports can be obtained in this country at The British Library of Information, 270 Madison Avenue, New York City.

Hospital Benefits Under a Mutual Benefit Association

The Relief Association of the Goodyear Tire and Rubber Company celebrated its thirtieth birthday by making hospital benefits available to the wives and children of its members. The new plan was effective March 1, 1939.

Under the plan, dependents of members in need of hospital care may draw benefits of five or six dollars each day, dependent upon the amount of dues paid in. An employee may take out hospital benefits for his wife upon the payment of 60 cents monthly, and for additional dues of 40 cents may include in these benefits all of his children between the ages of one and nineteen. Dependent children over nineteen who are unmarried and unemployed are also eligible for such benefits upon the payment of monthly dues of 60 cents. Under such

circumstances, the insured dependents of the member are entitled to daily hospital benefits of \$5.00.

If more protection is desired, the member may pay monthly dues of 75 cents for his wife and 50 cents for all children between the ages of one and nineteen, and in return a daily hospital benefit of \$6.00 will be paid. A waiting period of thirty days is required before an application is accepted.

So far, 5,000 persons have signed for these benefits. The number of dependents in the families participating have averaged three persons—the wife and two dependent children.

Profit-Sharing and Stock Purchase

The Bank of America National Trust and Savings Association, which operates a number of branch banks on the Pacific Coast has adopted a profit-sharing bonus plan, the proceeds of which are used to purchase company stock. Only permanent, full-time salaried employees are eligible to participate. Ordinarily, an amount equal to $7\frac{1}{2}\%$ of the first \$500 of an employee's salary plus 5% on any salary in excess of that amount is credited to each employee's account monthly. However, the funds allotted for this purpose are contingent upon the decision of the Board of Directors, which takes the necessary action each month. Thus the Board is in a position to reduce or discontinue these credits whenever such action seems desirable.

The monthly credits are turned over to the Secretary of a Bonus Board of Trustees, who, acting under instructions of the Board, invests the funds in the company's bank stock each month. An individual account is set up for each employee. In order that each may know the number of shares of stock and money to his credit, a statement is mailed to each participant quarterly. All stock so purchased is held in trust for a period of five years, at the end of which period the purchases are released to the employee. Dividends, however, are made payable to the participants to give them a sense of ownership.

Upon discharge for cause, the employee forfeits all claim to amounts to his credit in the fund. However, if his services are terminated for causes beyond his control, he is entitled to receive either the stock to his credit or the cash equivalent, at the option of the Trustees. In the event of death, the stock is delivered to the beneficiaries.

Division of Income Dollar

An interesting device, used mainly by transportation companies, to dramatize the division of company in-

(Continued on page 52)

Wages and the Cost of Living

AN improvement in manufacturing activity in February, indicated by increases both in the number of workers employed and in the average number of hours worked by these employed workers, was revealed in reports from manufacturers in the 25 industries covered in THE CONFERENCE BOARD'S regular monthly survey.

There were 1.2% more workers employed in February than in January, 2.9% more workers than in

February, 1938, but 16.2% fewer workers than in 1929. There were increases from January to February in the number of workers employed in 21 of the 25 industries. The increases, however, were not marked; the largest was a seasonal increase of 5.0% in the agricultural implement industry.

Total man hours worked were 1.8% higher in February than in January. Seven industries, foundries, boot and shoe, leather tanning and finishing, machines and

EARNINGS AND HOURS, ALL WAGE EARNERS

FEBRUARY, 1939

INDUSTRY	Average Earnings				Average Hours per Week per Wage Earner			
	Hourly		Weekly		Actual		Nominal	
	Feb.	Jan.	Feb.	Jan.	Feb.	Jan.	Feb.	Jan.
Agricultural implement.....	\$.811	\$.804	\$30.10	\$29.98	37.1	37.3	40.2	40.2
Automobile ¹.....	.947	.944	31.13	31.57	32.9	33.5	40.0	40.0
Boot and shoe.....	.521	.524	19.96	19.70	38.3	37.6	40.2	40.0
Chemical.....	.744	.746	28.93	29.43	38.9	39.5	40.2	40.1
Cotton—North.....	.492	.489	18.86	18.96	38.4	38.8	39.9	40.0
Electrical manufacturing.....	.804	.799	29.57	29.00	36.8	36.3	39.8	39.8
Furniture ².....	.651	.643	24.61	24.06	37.8	37.4	40.9	40.9
Hosiery and knit goods.....	.540	.545	19.88	18.94	36.8	34.8	40.0	40.1
Iron and steel ³.....	.827	.825	27.70	26.48	33.5	32.1	40.2	40.2
Leather tanning and finishing.....	.635	.638	24.87	24.62	39.2	38.6	40.3	40.2
Lumber and millwork.....	.654	.671	24.74	25.69	37.8	38.3	42.0	41.9
Meat packing.....	.696	.694	26.50	28.85	38.1	41.5	40.4	40.5
Paint and varnish.....	.714	.714	27.69	27.67	38.8	38.8	40.6	40.8
Paper and pulp.....	.637	.640	25.63	25.28	40.2	39.5	41.2	41.3
Paper products.....	.607	.606	24.16	23.18	39.8	38.2	40.4	40.4
Printing—book and job.....	.814	.809	31.85	31.75	39.1	39.2	40.0	40.0
Printing—news and magazine.....	.951	.951	35.52	34.40	37.4	36.2	39.7	39.8
Rubber.....	.850	.855	29.34	30.14	34.5	35.2	38.2	38.4
1. Rubber tires and tubes.....	1.010	1.019	33.37	34.44	33.1	33.8	37.2	37.3
2. Other rubber products.....	.676	.673	24.52	24.91	36.3	37.0	39.4	39.7
Silk.....	.513	.516	18.09	17.79	35.3	34.5	40.2	40.2
Wool.....	.593	.591	21.85	21.45	36.8	36.3	40.3	40.2
Foundries and machine shops.....	.732	.728	27.19	26.73	37.2	36.7	40.3	40.2
1. Foundries.....	.742	.739	25.63	25.21	34.5	34.1	40.2	40.2
2. Machine and machine tools.....	.742	.738	29.04	28.20	39.1	38.2	40.8	40.9
3. Heavy equipment.....	.784	.785	29.23	29.26	37.3	37.3	41.1	40.1
4. Hardware and small parts.....	.664	.662	25.52	25.02	38.4	37.8	40.3	40.4
5. Other products.....	.730	.723	26.51	26.05	36.3	36.0	39.7	39.7
25 INDUSTRIES.....	\$.713	\$.713	\$26.11	\$25.95	36.8	36.6	40.3	40.3
Cement.....	\$.688	\$.691	\$25.30	\$25.69	36.8	37.2	39.5	39.5
Petroleum refining.....	.991	.992	36.36	36.14	36.7	36.4	36.0	36.0
27 INDUSTRIES.....	\$.717	\$.716	\$26.24	\$26.08	36.8	36.6	40.3	40.2

NOTE: The wage data here given are for cash payments only and do not take into consideration the value of such wage equivalents as reduced or free house rents or other special services rendered by the company to employees. Various forms of wage equivalents are in use in industrial establishments in many localities, but the part which they play as compensation for work performed cannot be taken into account in a study of this character.

¹Based on data collected by the Automobile Manufacturers Association and the National Industrial Conference Board.

²Includes wood, metal, and upholstered household and office furniture.

³Based on data collected by the American Iron and Steel Institute and the National Industrial Conference Board.

CHANGES IN THE COST OF LIVING, FEBRUARY, 1939

Item	Relative Importance in Post-War Family Budget	Indexes, 1923=100			Percentage Changes	
		February, 1939	January, 1939	February, 1938	January, 1939 to February, 1939	February, 1938 to February, 1939
Food ¹	33	78.4	79.2	80.1	-1.0	-2.1
Housing.....	20	86.1	86.2	87.8	-0.1	-1.9
Clothing.....	12	72.4	72.7	76.0	-0.4	-4.7
Men's clothing.....		78.3	78.6	82.3	-0.4	-4.9
Women's clothing.....		66.5	66.8	69.6	-0.4	-4.5
Fuel and light.....	5	85.9	85.9	86.3	0	-0.5
Coal.....		85.8	85.8	86.3	0	-0.6
Gas and electricity.....		86.2	86.2	86.4	0	-0.2
Sundries.....	30	96.7	96.8	97.5	-0.1	-0.8
WEIGHTED AVERAGE OF ALL ITEMS.....	100	85.1	85.4	86.7	-0.4	-1.8
PURCHASING VALUE OF DOLLAR.....		117.5	117.1	115.3	+0.3	+1.9

¹Based on food price indexes of the United States Bureau of Labor Statistics, February 14, 1939, January 17, 1939 and February 15, 1938.

INDEXES OF EARNINGS, EMPLOYMENT, MAN HOURS, AND PAYROLLS, ALL WAGE EARNERS

FEBRUARY, 1939

1923=100

INDUSTRY	Average Earnings						Employment		Total Man Hours Worked		Payrolls	
	Hourly, Actual		Weekly									
			Actual		Real							
	Feb.	Jan.	Feb.	Jan.	Feb.	Jan.	Feb.	Jan.	Feb.	Jan.	Feb.	Jan.
Agricultural implement.....	145.9	144.6	109.4	109.0	128.6	127.6	102.8	97.9	77.0	73.8	112.5	106.7
Automobile ¹	149.8	149.4	103.3	104.7	121.4	122.6	98.4	99.5	67.9	69.8	101.6	104.2
Boot and shoe.....	105.3	105.9	88.3	87.2	103.8	102.1	99.1	95.4	83.2	78.7	87.5	83.2
Chemical.....	147.0	147.4	107.5	109.4	126.3	128.1	110.0	109.4	80.4	81.2	118.3	119.7
Cotton—North.....	110.6	109.9	88.8	89.3	104.3	104.6	40.1	39.7	32.2	32.2	35.6	35.5
Electrical manufacturing.....	141.5	140.7	109.2	107.1	128.3	125.4	80.1	78.1	61.7	59.3	87.5	83.6
Furniture ²	125.9	124.4	98.7	96.5	116.0	113.0	80.8	80.0	63.3	62.1	79.7	77.2
Hosiery and knit goods.....	141.4	142.7	112.5	107.2	132.2	125.5	112.3	109.6	89.3	82.4	126.3	117.5
Iron and steel ³	138.8	138.4	80.9	77.4	95.1	90.6	91.4	90.9	53.1	50.5	73.9	70.4
Leather tanning and finishing.....	130.7	131.3	107.4	106.3	126.2	124.5	79.8	76.7	65.8	62.2	85.7	81.5
Lumber and millwork.....	138.3	141.9	105.6	109.7	124.1	128.5	57.4	58.6	43.9	45.4	60.6	64.3
Meat packing.....	147.1	146.7	112.6	122.6	132.3	143.6	93.4	97.0	71.6	81.0	105.2	118.9
Paint and varnish.....	133.7	133.7	104.2	104.1	122.4	121.9	122.1	121.1	95.1	94.3	127.2	126.1
Paper and pulp.....	126.4	127.0	98.3	96.9	115.5	113.5	105.5	105.0	81.9	80.1	103.7	101.7
Paper products.....	133.1	132.9	110.9	106.4	130.3	124.6	124.7	122.0	104.2	98.0	138.3	129.8
Printing—book and job.....	124.7	123.9	106.3	106.0	124.9	124.1	102.7	100.6	87.5	85.9	109.2	106.6
Printing—news and magazine.....	137.2	137.2	113.7	110.2	133.6	129.0	117.0	116.9	97.2	94.0	133.0	128.8
Rubber.....	135.8	136.6	104.7	107.5	123.0	125.9	72.3	73.4	55.7	57.7	75.7	78.9
Silk.....	103.4	104.0	78.5	77.2	92.2	90.4	88.7	85.2	67.3	63.2	69.6	65.8
Wool.....	117.4	117.0	91.2	89.5	107.2	104.8	80.1	78.0	62.1	59.6	73.1	69.8
Foundries and machine shops.....	127.7	127.1	95.8	94.2	112.6	110.3	77.2	75.2	57.9	55.6	74.0	70.8
1. Foundries.....	125.8	125.3	86.6	85.1	101.8	99.6	59.9	57.5	41.2	39.0	51.9	48.9
2. Machines and machine tools.....	135.2	134.4	106.4	103.3	125.0	121.0	84.0	81.0	65.9	62.1	89.4	83.7
3. Heavy equipment.....	117.0	117.2	88.5	88.6	104.0	103.7	48.9	47.6	37.0	36.0	43.3	42.2
4. Hardware and small parts.....	129.7	129.3	102.9	100.8	120.9	118.0	96.5	95.4	76.4	74.3	99.3	96.2
5. Other products.....	130.4	129.1	97.0	95.3	114.0	111.6	94.1	91.9	70.0	67.8	91.3	87.6
25 INDUSTRIES.....	131.8	131.8	98.1	97.5	115.3	114.2	84.6	83.6	63.3	62.2	83.0	81.5

NOTE: No basic 1923 data are available, hence no indexes are given for the following: rubber tires and tubes, other rubber products, cement, petroleum refining, and "27 industries."

¹Based on data collected by the Automobile Manufacturers Association and the National Industrial Conference Board.

²Includes wood, metal, and upholstered household and office furniture.

³Based on data collected by the American Iron and Steel Institute and the National Industrial Conference Board.

machine tools, paper products, silk, and hosiery and knit goods, showed increases of more than 5% in the total number of man hours worked in the month interval. The total number of man hours worked in the 25 industries combined in February was 14.5% higher than a year ago, but 36.2% lower than in 1929. Total payroll disbursements in February were 1.8% higher than in January, 14.8% higher than in February, 1938, and 23.4% lower than in February, 1929.

Hourly earnings averaged 71.3 cents in both January and February. They were only 0.1% lower than in February, 1938, but 20.8% higher than in 1929. The average work week increased from 36.6 hours in January to 36.8 hours in February, or 0.5%. It was 11.2% longer than in February, 1938, and 23.8% shorter than the average work week in 1929.

Average weekly earnings increased from \$25.95 in January to \$26.11 in February, or 0.6%. The largest increase was 5.1% in the iron and steel industry. Since February, 1938, average weekly earnings have increased 11.6%. They are, however, still 8.5% lower than in 1929. Real weekly earnings in February, 1939, that is, actual weekly earnings adjusted for changes in the cost of living, were 1.0% higher than in January, 13.7% higher than in February, 1938, and 7.6% higher than in 1929.

The cost of living of wage earners declined 0.4% from January to February, chiefly because of decreases in the cost of food and clothing. Living costs in February, 1939, were 1.8% lower than a year ago, and 15.0% lower than in 1929, but 18.7% higher than at the low point reached in the year 1933.

EARNINGS AND HOURS, ALL MALE AND FEMALE WAGE EARNERS

FEBRUARY, 1939

INDUSTRY	ALL MALE						FEMALE					
	Average Earnings				Average Hours per Week per Wage Earner		Average Earnings				Average Hours per Week per Wage Earner	
	Hourly		Weekly				Hourly		Weekly			
	Feb.	Jan.	Feb.	Jan.	Feb.	Jan.	Feb.	Jan.	Feb.	Jan.	Feb.	Jan.
Agricultural implement.....	\$.814	\$.806	\$30.23	\$30.13	37.1	37.4	\$.611	\$.613	\$21.39	\$20.35	35.0	33.2
Automobile ¹.....	.957	.954	31.49	31.96	32.9	33.5	.701	.703	23.13	24.18	33.0	34.4
Boot and shoe.....	.599	.598	22.91	22.41	38.2	37.5	.416	.422	15.94	15.86	38.3	37.6
Chemical.....	.774	.774	30.09	30.75	38.9	39.7	.541	.543	20.97	20.90	38.8	38.5
Cotton—North.....	.544	.543	21.56	21.87	39.6	40.3	.424	.421	15.62	15.56	36.9	37.0
Electrical manufacturing.....	.858	.852	31.76	31.20	37.0	36.6	.567	.566	20.28	19.79	35.7	34.9
Furniture ².....	.661	.653	25.18	24.55	38.1	37.6	.486	.479	15.89	16.29	32.7	34.0
Hosiery and knit goods.....	.683	.668	26.28	25.00	38.5	37.4	.431	.434	15.80	14.46	36.6	33.3
Iron and steel ³.....	.827	.825	27.70	26.48	33.5	32.1	.....	.....	.....	.....	.....	.....
Leather tanning and finishing.....	.660	.662	25.94	25.62	39.3	38.7	.478	.484	18.35	18.22	38.4	37.6
Lumber and millwork.....	.654	.671	24.74	25.69	37.8	38.3	.....	.....	.....	.....	.....	.....
Meat packing.....	.724	.719	27.71	30.11	38.3	41.9	.537	.549	19.84	21.84	36.9	39.8
Paint and varnish.....	.726	.727	28.24	28.28	38.9	38.9	.527	.502	19.34	18.37	36.7	36.6
Paper and pulp.....	.654	.655	26.33	26.04	40.3	39.7	.423	.426	16.44	15.45	38.9	36.2
Paper products.....	.667	.662	27.11	26.10	40.7	39.4	.452	.451	17.03	15.87	37.7	35.2
Printing—book and job.....	.899	.895	36.24	36.17	40.3	40.4	.522	.524	18.74	19.13	35.9	36.5
Printing—news and magazine.....	1.002	.999	37.48	36.36	37.4	36.4	.571	.577	21.12	19.95	37.0	34.6
Rubber.....	.948	.957	32.74	33.61	34.5	35.1	.566	.566	19.44	20.10	34.4	35.5
1. Rubber tires and tubes.....	1.046	1.058	34.97	35.99	33.4	34.0	.725	.729	22.01	23.48	30.4	32.2
2. Other rubber products.....	.786	.786	28.68	29.18	36.5	37.1	.517	.515	18.51	18.87	35.8	36.7
Silk.....	.579	.583	20.51	20.38	35.4	34.9	.390	.383	13.64	12.88	35.0	33.6
Wool.....	.641	.643	24.32	24.12	37.9	37.5	.509	.496	17.85	17.02	35.1	34.3
Foundries and machine shops.....	.753	.748	28.06	27.59	37.3	36.9	.478	.480	17.09	16.86	35.8	35.1
1. Foundries.....	.746	.742	25.78	25.37	34.6	34.2	.556	.562	18.32	17.59	32.9	31.3
2. Machines and machine tools.....	.746	.742	29.25	28.42	39.2	38.3	.514	.513	17.87	17.20	34.8	33.5
3. Heavy equipment.....	.784	.785	29.23	29.26	37.3	37.3	.....	.....	.....	.....	.....	.....
4. Hardware and small parts.....	.698	.695	26.95	26.44	38.6	38.1	.459	.458	17.01	16.50	37.0	36.0
5. Other products.....	.772	.763	28.16	27.61	36.5	36.2	.481	.485	17.02	16.99	35.3	35.0
25 INDUSTRIES.....	\$.758	\$.757	\$27.85	\$27.73	37.0	36.8	\$.474	\$.473	\$17.14	\$16.72	36.3	35.3
Cement.....	.688	.691	\$25.30	\$25.69	36.8	37.2	.....	.....	.....	.....	.....	.....
Petroleum refining.....	.991	.992	36.36	36.14	36.7	36.4	.....	.....	.....	.....	.....	.....
27 INDUSTRIES.....	\$.761	\$.760	\$27.96	\$27.84	37.0	36.8	.....	.....	.....	.....	.....	.....

¹Based on data collected by the Automobile Manufacturers Association and the National Industrial Conference Board.

²Includes wood, metal, and upholstered household and office furniture.

³Based on data collected by the American Iron and Steel Institute and the National Industrial Conference Board.

EARNINGS AND HOURS, UNSKILLED AND SKILLED AND SEMI-SKILLED MALE WAGE EARNERS

FEBRUARY, 1939

INDUSTRY	UNSKILLED						SKILLED AND SEMI-SKILLED					
	Average Earnings				Average Hours per Week per Wage Earner		Average Earnings				Average Hours per Week per Wage Earner	
	Hourly		Weekly				Hourly		Weekly			
	Feb.	Jan.	Feb.	Jan.	Feb.	Jan.	Feb.	Jan.	Feb.	Jan.	Feb.	Jan.
Agricultural implement.....	\$.651	\$.650	\$23.59	\$23.99	36.2	36.9	\$.834	\$.826	\$31.09	\$30.93	37.3	37.4
Automobile ¹.....	.787	.781	26.52	27.26	33.7	34.9	.966	.963	31.78	32.16	32.9	33.4
Boot and shoe.....	.420	.436	16.93	16.66	40.3	38.2	.606	.605	23.09	22.69	38.1	37.5
Chemical.....	.689	.688	26.73	27.23	38.8	39.6	.804	.806	31.31	32.04	38.9	39.8
Cotton—North.....	.496	.496	20.09	20.22	40.6	40.8	.564	.561	22.13	22.51	39.3	40.1
Electrical manufacturing.....	.664	.658	24.63	24.21	37.1	36.8	.880	.873	32.56	31.95	37.0	36.6
Furniture ².....	.519	.509	19.62	19.55	37.8	38.4	.697	.689	26.63	25.77	38.2	37.4
Hosiery and knit goods.....	.443	.455	17.82	18.25	40.2	40.1	.701	.684	26.91	25.49	38.4	37.3
Iron and steel ³.....	.630	.623	22.68	20.31	36.0	32.6	.862	.861	28.45	27.55	33.0	32.0
Leather tanning and finishing.....	.558	.556	22.59	22.20	40.5	40.0	.684	.687	26.70	26.40	39.0	38.4
Lumber and millwork.....	.466	.471	18.73	18.79	40.2	39.9	.730	.744	27.33	28.15	37.4	37.8
Meat packing.....	.617	.617	23.67	25.44	38.4	41.2	.773	.767	29.59	32.33	38.3	42.2
Paint and varnish.....	.621	.620	24.78	23.81	39.9	38.4	.783	.785	29.99	30.77	38.3	39.2
Paper and pulp.....	.533	.533	20.67	20.14	38.8	37.8	.694	.695	28.18	27.94	40.6	40.2
Paper products.....	.529	.509	21.40	19.55	40.5	38.4	.727	.725	29.64	28.92	40.8	39.9
Printing—book and job.....	.534	.536	21.74	21.97	40.7	41.0	1.012	1.014	40.67	40.76	40.2	40.2
Printing—news and magazine.....	.637	.617	23.32	22.22	36.6	36.0	1.088	1.090	40.90	39.78	37.6	36.5
Rubber.....	.665	.668	24.83	24.90	37.4	37.3	.958	.967	32.99	33.89	34.4	35.0
1. Rubber tires and tubes.....	.772	.776	27.20	27.28	35.2	35.1	1.054	1.066	35.18	36.22	33.4	34.0
2. Other rubber products.....	.561	.560	22.25	22.22	39.7	39.6	.797	.797	28.96	29.48	36.3	37.0
Wool.....	.520	.521	19.49	19.71	37.5	37.9	.699	.703	26.63	26.23	38.1	37.3
Foundries and machine shops.....	.622	.621	22.57	22.38	36.3	36.0	.776	.772	29.07	28.57	37.4	37.0
1. Foundries.....	.615	.613	21.63	21.55	35.2	35.1	.798	.795	27.39	26.87	34.3	33.8
2. Machines and machine tools.....	.563	.565	21.59	21.40	38.3	37.9	.763	.760	30.03	29.14	39.3	38.4
3. Heavy equipment.....	.630	.629	22.98	23.02	36.5	36.6	.813	.814	30.43	30.43	37.4	37.4
4. Hardware and small parts.....	.567	.565	21.28	20.95	37.5	37.1	.701	.698	27.32	26.82	39.0	38.5
5. Other products.....	.677	.673	24.04	23.66	35.5	35.2	.792	.782	29.05	28.52	36.7	36.5
24 INDUSTRIES ⁴	\$.586	\$.585	\$22.01	\$21.82	37.8	37.5	\$.801	\$.800	\$29.36	\$29.22	36.8	36.7
Cement.....	\$.574	\$.578	\$20.31	\$20.18	35.4	34.9	\$.711	\$.714	\$26.37	\$26.90	37.1	37.6
Petroleum refining.....	.722	.720	26.43	26.28	36.6	36.5	1.039	1.040	38.13	37.86	36.7	36.4
26 INDUSTRIES ⁴	\$.588	\$.586	\$22.04	\$21.85	37.8	37.5	\$.805	\$.804	\$29.49	\$29.35	36.8	36.7

¹Based on data collected by the Automobile Manufacturers Association and the National Industrial Conference Board.²Includes wood, metal, and upholstered household and office furniture.³Based on data collected by the American Iron and Steel Institute and the National Industrial Conference Board.⁴Silk industry not included, as adequate data for unskilled and skilled labor groups are not available for this industry.

Notes on Personnel Administration (Continued from page 48)

come has recently been employed by the Capital Transit Company of Washington, D. C. in preparing a calendar for 1939. On the calendar is shown the number of days required to earn sufficient revenue to care for the major expenditures. Thus, it took from January 1st to July 1st to earn operating wages, from July 2nd to September 19th to provide for operating materials and expenses, from September 20th to October 21st to accumulate enough for taxes, from October 22nd to December 2nd to provide for depreciation, from December 3rd to December 25th to care for interest on bonds and notes. Only the income earned from December 26th to

December 31st was left for stockholders. The contrast between six months' earnings to provide for wages, and less than one week's earnings devoted to dividends is striking.

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